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# **BANK OF CHINA**

**ESTABLISHED 1912**

Reorganized as an International Exchange Bank in 1928  
under Special Charter of the National Government of China

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**The Report of the General Manager**  
at the  
**Annual Meeting of Shareholders,**  
**May 10th, 1930.**

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**BALANCE SHEET**  
**31st December, 1929.**

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**HEAD OFFICE**  
**22, The Bund, Shanghai, China.**



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2245

# BANK OF CHINA

HEAD OFFICE—SHANGHAI.

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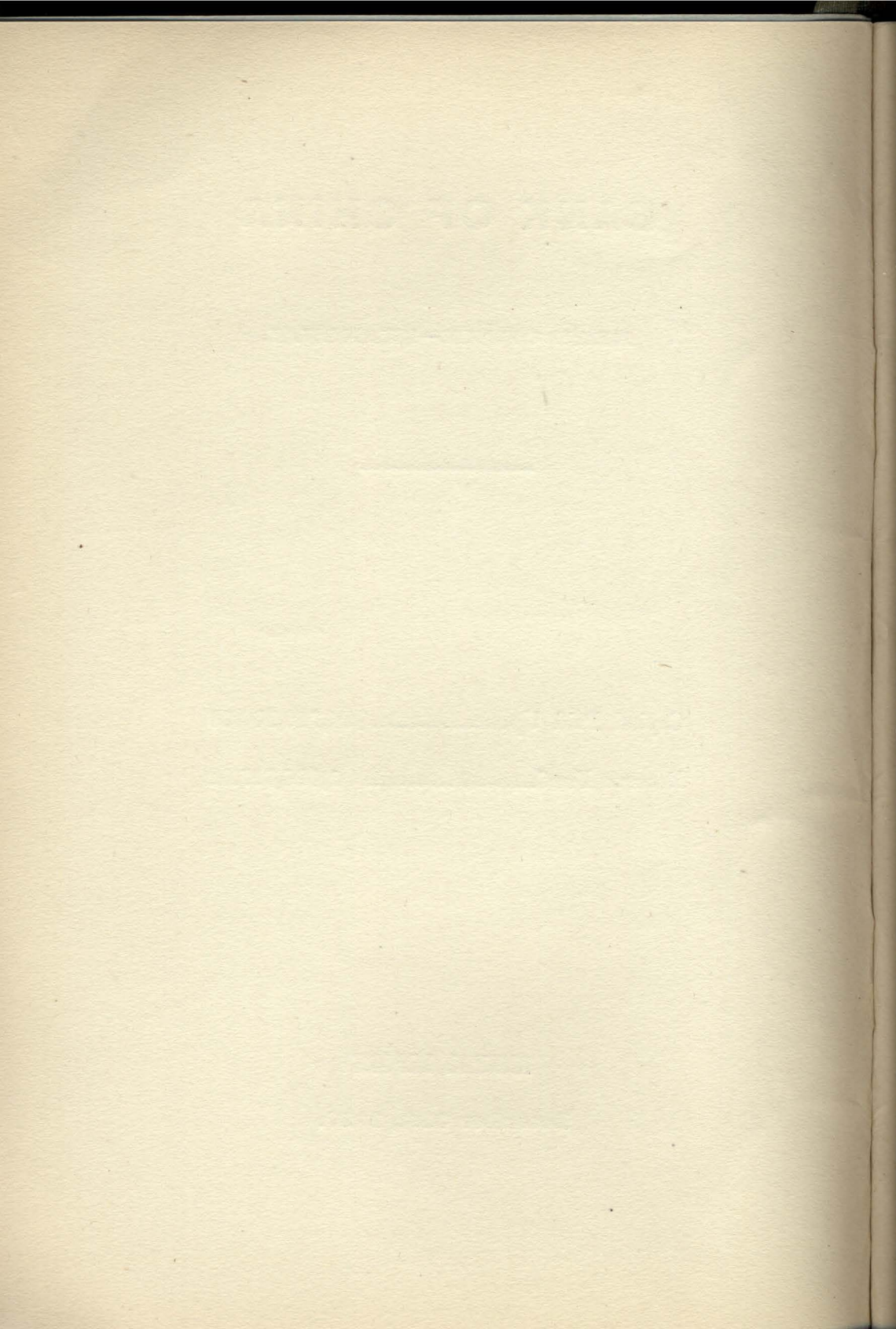
Capital Paid Up.....\$24,710,200.00

Reserve Fund..... 1,026,817.02

## ANNUAL REPORT

December 31st., 1929.





# **BANK OF CHINA.**

## **BOARD OF DIRECTORS:**

Li Ming, *Chairman.*

Chang Kia-Ngau.

K. P. Chen.

Feng Keng-Kuang.

Sung Han-Chang

} *Managing Directors.*

Z. S. Bien, Tientsin.

Chow Chung-Liang, Shanghai.

Chow Tso-Min, Peiping.

Dee C. Chuan, Manila.

Kung Yung-Che, Nanking.

Tsuyee Pei, Shanghai.

C. M. Shu, Shanghai.

Tan Kah-Kee, Singapore.

Woo Ling-shu, Shanghai.

Yih Chur-Tong, Shanghai.

## **SUPERVISORS:**

Chang Vuan-Whay.

Koo Cu-Ming.

D. L. Lichia.

Lu Chien-Chuan.

Albino Z. Sycip.



## **BANK OF CHINA.**

*General Manager:* CHANG KIA-NGAU.

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Chief of Banking Department: Tsuyee Pei.

Chief of Accounting Department: Wong Jeng-Shen.

Chief of General Affairs Department: Wu Young-Chong.

Chief of Research Department: Wong Jeng-Shen.

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### *District Superintendents:*

First District (The Yangtze Valley): Tsuyee Pei.

Second District (North China): Z. S. Bien.

Third District (South China): Huang Peh-Chuan.

Fourth District (Three Eastern Provinces): Yuan Ta-Chi.

# BANK OF CHINA.

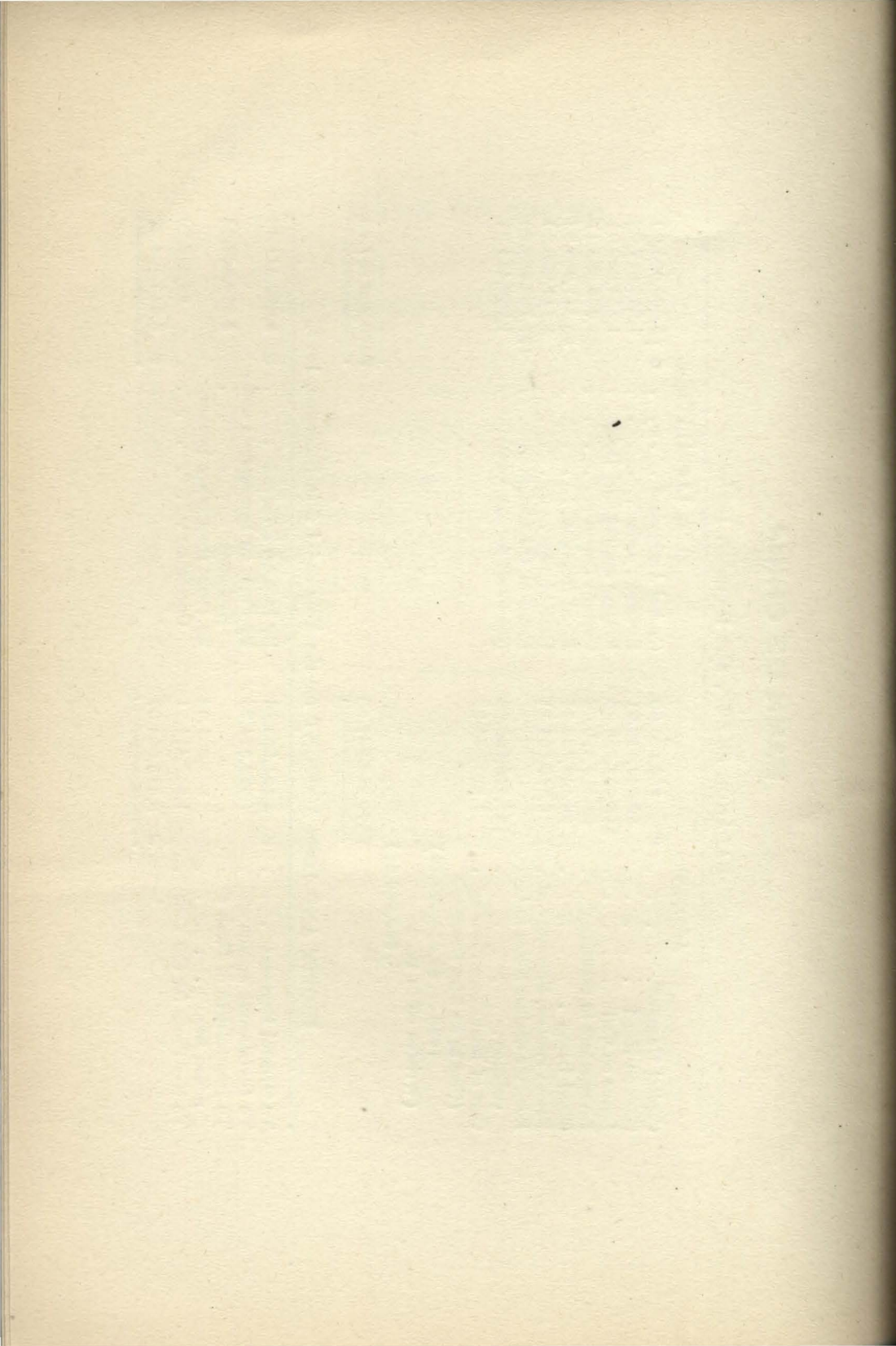
## BALANCE SHEET, 31st December, 1929.

ASSETS		LIABILITIES	
Capital Uncalled . . . . .	\$ 289,800.00	Capital Authorized . . . . .	\$ 25,000,000.00
Cash on Hand . . . . .	20,849,639.31	Reserve Funds . . . . .	1,026,817.02
Loans on Call . . . . .	313,653,708.05	Reserve against Bad Debts . . . . .	1,251,000.01
Investments in Securities . . . . .	33,210,590.02	Current Deposits. . . . .	382,785,585.47
Fixed Loans . . . . .	96,453,424.91	Fixed Deposits . . . . .	55,311,005.92
Bank Premises, Furniture, etc. . . . .	6,386,284.31	Drafts Issued . . . . .	5,141,858.29
Reserves against Notes in Circulation . . . . .	197,728,286.98	Notes in Circulation . . . . .	197,728,286.98
Cost of Bank-Note Printing . . . . .	1,635,234.32	Net Profit for the Year . . . . .	1,962,414.21
(Cost as on 31st December 1928 ... \$2,069,293.49)			
(Written off in 1929 699,386.67)			
	<u>\$670,206,967.90</u>		<u>\$670,206,967.90</u>

## PROFIT AND LOSS ACCOUNT for the Year ended 31st December, 1929.

To General Expenses . . . . .	\$ 4,494,533.86	By Interest Received . . . . .	\$ 5,020,844.62
To Investments written off . . . . .	1,383,874.98	By Profit on Remittances and Exchange . . . . .	3,532,062.25
To Depreciation of Bank Premises, Etc. . . . .	805,081.02	By Profit from other Banking Operations . . . . .	92,997.20
To Net Profit for the Year . . . . .	1,962,414.21		
	<u>\$ 8,645,904.07</u>		<u>\$ 8,645,904.07</u>





# BANK OF CHINA

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## REPORT OF THE PROCEEDINGS

of

THE THIRTEENTH ANNUAL MEETING OF SHAREHOLDERS,

Saturday May 10th, 1930.

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The thirteenth Annual Meeting of the Shareholders of the Bank of China was held in the Chinese Bankers' Association Building at Shanghai on Saturday, 10th May, 1930, at noon. Mr. Li Ming, the Chairman of the Board of Directors, presided over the meeting, and made the following report:

The Directors have pleasure in submitting to the Shareholders the eighteenth Annual Report of the Bank for the twelve months ending 31st. December, 1929:

The profits for the year ending 31st  
December, 1929, after providing for

all bad and doubtful debts were ... \$ 1,962,414.21

The above sum of profits has been  
appropriated as follows:

Dividend @ 7% per annum ... \$ 1,729,714.00

Transfer to Reserve Fund... ... \$ 196,241.42

Balance carried to

Undivided Profit A/c ... ... \$ 36,458.79

\$ 1,962,414.21



The above report is accompanied by a statement of the Assets and Liabilities of the Bank, and also a statement of the Profit and Loss Account for the year ending 31st December, 1929. All the assets of the Bank have been carefully revalued, and full provision has been made for debts considered bad or doubtful.

Before moving the adoption of the above report, the Chairman asked the General Manager to address the shareholders. The General Manager, Mr. Chang Kia-*Ngau*, who had just returned from an extended trip around the world, made a lengthy report on the activities of the Bank. The report of the Directors was then adopted, and the meeting adjourned.

REPORT OF THE GENERAL MANAGER OF THE BANK OF  
CHINA FOR THE YEAR ENDED 31st DECEMBER, 1929.

Submitted to the Shareholders at the Annual Meeting held at the Chinese Bankers' Association Building, Shanghai, on Saturday, May 10th, 1930.

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It is now eighteen years since the establishment of the Bank of China. In accordance with the change of status to an International Exchange Bank, under the new charter granted by the National Government in October 1923, the business policy of the Bank has been directed towards the promotion of foreign trade, so as to shoulder the great responsibility entrusted to the Bank by the Government and to meet the pressing needs of the people. Within the past year, foundations have been satisfactorily laid towards this end. At this interesting stage of the Bank's history it is well worth our while to review briefly the development of our Bank and to refer to the principal difficulties which we have had to encounter in the course of the past eighteen years.

**I. The Founding of the Bank of China, and the Redemption of Private Shares and Individual Deposits of the Ta Ching Bank.**

The Bank of China is the successor of the former Ta Ching Bank. Immediately after the Revolution in 1912, the private shareholders of the Ta Ching Bank petitioned the Provisional Government in Nanking for permission to re-organize the



Shanghai Office of the Ta Ching Bank into the Bank of China, and to establish a branch in Nanking. In April of the same year, upon the union of the North and the South, a temporary office for the Bank of China was set up in Peking by an order of the Central Government, with the object of establishing a strong and complete State Bank.

In April 1913, Articles of Association, 30 in number, governing the Bank of China, were promulgated by the Senate; and the Bank was formally opened for business by the following August. This marks the official establishment of the Bank of China.

### The Original Capital

At the beginning, the capital was only \$2,930,587—all advanced by the Government. From such humble beginnings the Bank has grown steadily, and now enjoys the implicit confidence of the public, which is the very foundation of a Bank.

A notable event during this period, to which attention may be called, is the redemption of private shares and individual deposits of the Ta Ching Bank. The private shares of the Ta Ching Bank amounted to five million Peking Taels. In exchange for these private interests, the Bank of China issued to the old shareholders deposit-slips, payable in four years, with interest at 5% per annum. The total deposits in the Ta Ching Bank were over 6,700,000 Taels, and the Bank of China took over this liability and undertook to repay the amount by instalments within a specified period; deposits of less than Tls. 2,000 to be paid within one year, those of over Tls. 2,000 to be fully paid in three years. The funds thus advanced by the Bank of China were to be gradually refunded

by the Government. At that time, although conscious of its own meagre strength, the Bank had the courage to take over these liabilities. In part, it relied upon the good faith of the Government, while, on the other hand, it fully recognized the necessity of maintaining its credit from the very beginning of its career. For these reasons the Bank was willing to shoulder such grave responsibilities. Fortunately, however, this basic principle of responsibility for the management of a bank was so strongly impressed upon the minds of the entire staff that, from the earliest days, they realized its importance.

## **II. Bank of China as Fiscal Agent of the Government.**

In April 1913, the Ministry of Finance established an office for the centralization of the national revenue, and simultaneously promulgated the Regulations governing the National Treasury. The Government entrusted the Bank of China with the function of administering the national and provincial treasuries, aiming at the eventual unification of all the treasuries. The Bank of China accordingly took charge of all the provincial treasuries, and delegated such duty either to its own branch offices or to the provincial and native banks. At the same time the Bank sent representatives to Japan to study the methods of administering the National Treasury by the Bank of Japan.

By the end of 1915 the following provincial treasuries were placed under the control of the Bank of China; Chihli, Kiangsu, Chekiang, Shantung, Shansi, Anhwei, Kiangsi, Fukien, Kwangtung, Fengtien, Kirin, Heilungkiang, Szechuan, Kweichow, and Suiyuan—in all 15 provinces. The cash received for deposit in the Bank of China as fiscal agent of the Government amounted to \$130,000,000 for the whole year,



which is almost the same as the national revenue of the present National Government, deducting, of course, the Customs revenue. This period is worthy of note in the history of public finance under the Republic of China.

While the Bank of China devoted its attention to the centralization of national revenue in accordance with the order of the Government, the various provincial and local governments in their turn requested the Bank to advance to them certain funds in times of urgent need. Accordingly, up to the present, the accumulated loans advanced to the various governmental institutions amount to nearly seven million dollars.

### Redemption of Depreciated Notes.

The next important service rendered by the Bank of China was in assisting the central government to reform the currency system. At that time, the different provincial banks issued notes without any restriction, resulting in untold sufferings to the people and causing chaos to the currency system in general. Among these issues, the notes issued by Kwangtung, Kiangsi and the Three Eastern Provinces suffered the worst depreciation. The notes issued by the Province of Kwangtung amounted to \$30,000,000, and were retired at 50%, funds being in part provided by the Government and the balance of \$1,380,200 being advanced by the Bank of China. The notes issued by the Province of Kiangsi amounted to \$8,000,000, and were also recalled at a discount. For the service of reorganizing the currency, the Bank of China at first advanced \$2,000,000. But, finding that the sum was insufficient, the Bank undertook to float Currency Re-organization Bonds to the extent of \$4,000,000. The total sum

advanced for the above-mentioned two items was about \$3,600,000.

As to the notes issued by the Province of Kirin, it was at first decided that the central and local governments should each place certain funds in the Bank of China, against which the latter was to issue its own notes in exchange for the Kirin notes. But this operation was later suspended, and the Bank of China in the meantime had advanced \$1,675,300 for this purpose. Therefore, all told, the Bank advanced \$6,655,500 to assist the government to consolidate the paper money as issued by the three provinces mentioned above.

### “Mexican” and National Dollars.

With the object of unifying the coinage, the Shanghai Office of the Bank of China again assisted the Government to call in the so-called “Mexican Dollars” and other miscellaneous dollars in circulation, and to replace them with the standard national dollar. The Bank made an agreement with the Association of Native Banks that, from the first of August, 1915, all rates should be quoted on the basis of the new national dollar only, and not on the so-called “Dragon Dollar.” With the exception of dollars coined by Kiangnan, Hupeh, Kwangtung and the former Ta Ching Bank, which would be accepted at par with the new standard coin, all other dollar coins had to be exchanged for the new national dollars, up to \$20,000 per day as the maximum. Although no accurate record was made at the time regarding this exchange operation, it is a reasonable estimate that the total amount of depreciated dollars thus exchanged was well over \$30,000,000. Thus the bad money was gradually withdrawn from circulation,



thereby establishing a sound basis for the present national currency. If this policy had been fully and successfully carried out without interruption, the Chinese currency system of to-day would be much more satisfactory, and the service rendered by the Bank of China would not have been in vain. As it is, not only is the result discouraging to the Bank as fiscal agent of the Government, but it is really most regrettable in the history of Chinese currency.

**III. The Mandate to Suspend the Payment of Notes in 1916, and the Important Reformation of the Bank of China.**

At a time when the country's finance and the credit of the Bank of China were most satisfactory, the political outbreak of the "Hunghsien" monarchial movement, under the late Yuan Shih-kai, took place. That gave way to the military conflicts between the North and the South. Our shareholders will probably recall that in May, 1916, a mandate to suspend the payment of notes was issued. The Shanghai Office was the first one to act against the mandate, and its notes were redeemed upon presentation as usual. The credit of the Bank was thus enhanced, thereby laying the foundation for the present-day wide circulation of its notes. But the offices in the North, which were under political influence, were forced to suspend payment. The government of that time, therefore, pressed for a loan, and such was the pressure that the Bank was forced to act according to their instructions. Up to October, 1916, the Bank's circulation of notes amounted to \$60,000,000. The consolidation of such a large amount of irredeemable notes was borne partly by the government by

floating loans and partly by the Bank itself by the setting aside of certain appropriate funds. For ten years, the Bank had done its best to make the final settlement of this amount. The loss suffered by the country and by the Bank was very great. Such facts are worth remembering when the question of Chinese currency is under discussion.

### Essential Guiding Principles in the Bank's Operation.

As a result of these circumstances, the Bank soon realized that the following were essential guiding principles:—

1. An issuing bank should keep itself free from all outside interference, in so far as its banking operations were concerned.

With this end in view, in November 1917, the Bank petitioned the Government for a revision of the Articles of Association. The Governor and the Vice-Governor, who had hitherto been appointed by the Government, were to be chosen amongst the directors elected by shareholders in the general meeting of shareholders. At the same time, the paid-up capital of the Bank was to be increased to \$10,000,000, to be subscribed equally by the Government and private individuals. The general meeting of shareholders was to be regarded as the highest authority in the matter of banking administration. Since the adoption of the revised regulation in 1917, and despite the tumult of the past decade, the Bank's progress has been continuous, and without doubt the revision has contributed greatly to this result.



2. The branch offices should be kept separate and independent of one another. The suspension of payment of notes in 1916 taught the Bank the lesson that, until China was in reality unified, the Bank could not control from the head office the business of its branch office, in view of the wide territory that the Bank served. It was therefore absolutely necessary to keep the branch offices financially separate and independent of one another, otherwise the political changes of one place might affect the other offices. Each office should devote itself to the welfare of its own community. As to notes, they were printed in different designs and colours for different branches. Even the reserve fund for notes in circulation was kept in the vault of the branch of issue, independent of the reserves of other branches. For instance, on November 31, 1921, a public chartered accountant was appointed by the Tientsin office to check all the books and to examine the reserve in the vaults. At the same time, the government officials and representatives of the Chamber of Commerce, banks and native banks were invited to inspect the reserve funds. The Shanghai Office followed a like procedure on May 4, 1924. The representatives of banks and native banks which acted as issuing agents for our notes were requested to examine the reserve funds against notes in circulation. This was done to gain public confidence and to show our untiring efforts in rendering service to the community. The internecine wars between Anhwei and Chihli cliques, Fengtien and Chihli parties, and the North and the South since 1921, and the suspension of payment of Hankow

notes by order of the Communist Government in 1927, had no effect financially on the Bank, simply because the Bank had adopted this system of branch office independence.

### A Commercial Banking Policy.

3. The policy of the Bank should be directed towards commercial banking. The unification of China had been in abeyance since 1916, and the adoption of one standard currency and the adjustment of finance were quite hopeless. The Bank directed its attention to commercial banking rather than to governmental finance. For instance, notes were issued by buying or discounting commercial bills, but not as paying agents for governmental institutions. As to clients, the Bank paid more attention to increasing private rather than governmental deposits.

With the full realization of the above three principles, practical applications have been gradually introduced since then. Since 1916, the number of issuing banks in China has been increased, and each has been struggling to get as large deposits as possible. According to the latest reports available, the total amount of notes issued by various banks, as on December 31, 1928, was about \$295,000,000, of which the Bank of China's share was 58%. The deposits of all the banks amounted to about \$983,200,000, of which the Bank of China had 39%. In spite of the severe set-backs and adverse circumstances with which it has had to contend, the Bank of China has been singularly fortunate in showing such satisfactory results.



#### IV. Comparison of Business Condition of 1917 and 1928.

At the end of 1917, the Articles of Association of the Bank of China were amended, and the Association of Shareholders was created, marking a new era for the Bank. In October, 1928, under a new charter from the National Government, the Bank was reorganized as an International Exchange Bank, signifying a radical change in the history of the Bank. No better testimony of the growth of the Bank can be found than a comparison of the principal assets and liabilities of the Bank for the years 1917 and 1928 as follows:—

	1917	1928
Paid-up Capital.....	\$ 12,279,800	\$ 24,716,200
Deposits (Current & Fixed).....	148,714,965	387,688,780
Notes in Circulation .....	72,984,307	172,304,020
Bank Premises, Furniture, etc. ..	2,410,892	4,964,567
Investments in Securities .....	4,093,433	32,600,359

The above comparison shows clearly the steady growth of the Bank and also the progressive increase in the circulation of its notes, which is in reality a measure of the confidence which the public has in the stability of the Bank's management.

#### V. Business Condition of the Bank in the Year 1929.

A comparison has already been made of the business done by the Bank of China in the years 1917 and 1928. Now, in order to give a clearer view of the present activity and the progress of this Bank since 1928, some reference should be made to the business condition of 1929.

In 1929, fixed deposits increased by \$2,870,000, while current deposits increased by \$47,520,000. The sum total of these two items amounted to over \$438,090,000, which is three times the total of 1917.

The total amount of notes in circulation at the present time is \$197,700,000, an increase of \$25,400,000; fixed loans have increased by \$2,690,000; call loans have also increased by \$48,230,000. The increase in investments in securities is very little, being only \$600,000. On account of building warehouses to meet the needs of merchants, the Bank Premises show an increase of \$1,400,000. Cost of notes written-off in 1929 is \$660,000, with a balance of \$1,635,000 still remaining. We feel it is against the principle of accounting to list this item on the asset side of our Balance Sheet, therefore, within a year or two, we propose to write it off altogether.

On March 29, 1928, a special committee for the examination of reserves against notes issued by the Shanghai Office was created with the approval of the Ministry of Finance. Since then, the reserve of this Bank has been examined by this Committee once every month. The result is that the confidence of the public in this Bank has been greatly strengthened. The report of this Committee at the end of 1929 states that the total amount of notes issued by Shanghai Office alone was \$131,348,291.40, with a reserve consisting of 60 per cent in cash and 40 per cent in securities. Though many branches have not yet established a committee of this nature, their cash reserve is all up to 60 per cent, as required. Therefore, against the total amount of notes issued, \$197,728,286.98, there is \$118,600,000 in cash under the Reserve item.



### The Profit for 1929.

The net profit for the year 1929 is \$1,962,414.21. After a deduction of \$106,240.42, which is 1/10 of the net profit, for the Reserve Fund as provided in our Articles of Association, and a payment of \$1,729,714.00 as dividends to the shareholders on a 7 per cent basis, there still remains a balance of \$36,458.79, which is carried over to the Undivided Profit Account.

From what I have just mentioned, it is clear that the business of our Bank in 1929 was undoubtedly better than in the previous year. This is due, not only to the comparative political stability during the year under review, but also to the steady and sound administration of this Bank.

On 26th October, 1928, a new charter was granted to the Bank of China by the National Government, giving this Bank a sounder status, while at the same time maintaining the spirit of independence as enjoyed by us under the old charter. The co-operative spirit existing between the present Ministry of Finance and this Bank can be readily seen by the fact that we have been entrusted with the service of the following Gold Bonds issued by the Chinese Government:

1. The Franco-Russian Issue of Gold Loan of 1895.
2. The Anglo-German Issue of Gold Loan of 1896 and 1898.
3. 5 per cent Reorganization Gold Loan of 1913.
  - a. The entire portion of the German Issue.
  - b. One quarter portion of the Russian Issue.

### Loan Services.

As long as the integrity of the Chinese Maritime Customs remains unimpaired, our Bank is able to undertake for the

Government the service of, not only the foreign, but also domestic loans secured on the Customs revenue, irrespective of disturbed political conditions. It would be a financial disaster if political circumstances were permitted to damage the integrity of this service. In this connection, it is earnestly hoped that the inadequately secured and unsecured loans will soon be consolidated, and that the surplus customs revenue will be totally appropriated to meet the loan services, instead of being used for military and administrative expenses of the government. In this way, China's credit abroad will be improved.

The placing of the loan services with our Bank has strengthened our credit standing abroad, thus enabling us to develop our foreign business as an aid to the promotion of foreign trade. This is the practical application of the privileges and responsibilities assigned to us by the Government under the new Charter. Hereafter we shall be in a position to concentrate our efforts towards the promotion of commerce and industry, as a basis for the foreign trade of China.

#### **VI. The Establishment of Agencies Abroad and the Present Business Policy of the Bank of China.**

In accordance with our business needs, the Bank of China, which has been reorganized as an International Exchange Bank, established its first agency in November 1929, in London—the centre of the world's finance. This agency has been established to take care of the service of foreign loans, to provide adequate facilities for the promotion of foreign trade, and to aid the Chinese overseas and travellers abroad. It is gratifying to note that the business transacted in our London Agency has been satisfactory and progressive.

It is recognized that China has very close business relations with Japan, especially in Osaka and Kobe. In



the latter city, which is the most important commercial port of Japan, there is a large number of exchange banks of different nationalities; while in Osaka, the industrial centre of Japan, there is a large Chinese community. In view of these facts, the Bank of China is now seriously considering the establishment of two more agencies on a small scale, in Kobe and Osaka, and steps to this end are now being taken. As to other countries, our course in establishing additional agencies or offices will be guided by the natural development of our business. In the meantime, however, we have already appointed a number of foreign banks of good financial standing to act as our correspondents in Europe, North and South America, and in the Straits Settlements. In brief, the Bank of China has a net-work of branches, agencies and correspondents throughout the world, and is thus able to render efficient service to the public.

### Present Business Policy.

The present business policy of the Bank of China is two-fold:

1. To be of service to the public. As a guardian and fiduciary agent of public funds, a bank should aim at serving the community for the mutual benefit of the bank and its clients. In order to render efficient service to the people, the staff members of the Bank have to be carefully and systematically trained as to:

- (a) How to serve the clients to their best interest.
- (b) How to advise the customers in regard to their savings and investments; and,
- (c) How to treat the customers on an equal footing without any discrimination.

2. To improve the living conditions of the people. One of the important functions of a modern bank is to increase the productive capacity of the people. This is particularly true with the Bank of China. The Bank should assist the people in the promotion of commerce and industries, and should charge the lowest interest rates possible for the money thus loaned. By so doing, commodity prices will be lowered and production increased, thereby creating a surplus for export. At the same time, the Bank should disseminate to the public current news and statistical information regarding market conditions both at home and abroad, serving as the nerve centre for traders, who are in great need of such a service to guide them.

In short, the Bank should make every endeavour to develop commerce and industry, and it is sincerely hoped that the shareholders and clients of the Bank will offer us freely their suggestions and constructive criticism from time to time, so as to enable us to overcome our short-comings and difficulties.

#### **VII. Review of China's Foreign Trade and Finance in 1929.**

The various internal problems of the Bank of China have been referred to above. Now, closely connected with our banking business, are the foreign trade and the relative ratio between silver and gold. Therefore I venture to review China's foreign trade and the silver situation in 1929, as a fitting conclusion to this report.

Owing to political unrest, interruption of communications, prevalence of banditry and poor crops, every kind of business along the Yangtze Valley was practically at a standstill. The same situation prevailed in North China. The region around



Kalgan was severely affected by the Sino-Russian rupture, resulting in the suspension of remittance service and stoppage of freight traffic. In Tientsin several native banks failed, causing great uneasiness in the money market. In short, trade in the North of China suffered a severe set-back.

As to southern China, the provinces of Fukien and Kwangtung were frequently the battlefields for contending armies, and were much disturbed by communistic activities. In such circumstances, trade was naturally impossible and hence negligible in amount.

Regarding the Three Eastern Provinces, since the outbreak of the Sino-Russian trouble over the C. E. R. question, both "Feng-Pieu" (notes issued by the Provincial Bank of Mukden) and Harbin dollars depreciated considerably, causing chaos in the money market. Simultaneously the price of gold registered a record high point, and commodity prices rose considerably. Fortunately, however, a bumper crop saved the people from complete ruin.

Taking the whole country into consideration, the trade of China has in reality receded year after year. Unless the situation is immediately corrected, the strain on the livelihood of the people may be stretched to the breaking point, and the consequent damage will be irreparable and beyond our imagination.

### Import of Food-stuff.

In this connection, it is most painful and alarming for me to tell you that, in 1929, China actually imported from abroad food-stuffs to the extent of over 200 million dollars, Chinese

currency. I venture to give below the principal items of these food-stuffs, and the quantity and value thus imported:—

Rice			Quantity in Piculs.	Value in Hk. Tls.
To Shanghai	...	...	497,219	2,250,923
To Other Ports	...	...	10,326,846	56,735,162
			<hr/>	<hr/>
			10,824,065	58,986,085
Wheat				
To Shanghai	...	...	5,474,487	20,665,151
To Other Ports	...	...	189,370	765,666
			<hr/>	<hr/>
			5,663,857	21,430,817
Wheat Flour				
To Shanghai	...	...	295,418	1,569,336
To Other Ports	...	...	11,640,030	61,335,334
			<hr/>	<hr/>
			11,935,448	62,904,670
Total	...	...	...	143,321,572

The total value of imported food-stuffs, i.e. Haikwan Tael 143,321,572, when converted, is equivalent to more than 200 million dollars, Chinese currency. For China, known throughout its history as an agricultural country, it is really absurd that we should have imported such an incredibly large quantity of food-stuffs from foreign countries. This, Gentlemen, is a life and death problem for our people.

Yet the authorities have failed to realize this grave situation and, because of petty differences, continue to wage war against one another. They also fail lamentably in the suppression of bandits, who prey upon innocent people tilling the land. I fear that it will not be long before the very source of our livelihood will be totally extinguished and the entire structure



of the whole nation will collapse, unless this state of affairs is brought to an end.

The total imports of China have increased from Hk. Taels 1,210,001,728 in 1928 to Hk. Tls. 1,281,675,468 in 1929. The exports also show an increase from Hk. Tls. 1,005,387,445 in 1928 to Hk. Tls. 1,151,197,289 in 1929. These figures show clearly that, given peace and stability, China's commerce and industries would fare much better.

### The Silver Problem.

Then the declining price of silver in 1929 had a very important bearing upon our foreign trade. Silver dropped as low as 21 5/16 pence per ounce, setting a record for the last half century. The total net import of silver bars to China for 1929 was 127,496,670 ounces, equivalent to 105,825,976 Hai-kwan Taels in value. The following table shows the analysis of the silver imports and re-exports:—

Countries	Imports Hk. Tls.	Re-exports
Europe ... ..	7,066,916	
America ... ..	86,497,927	
Hongkong ... ..	22,312,430	13,116,018
Saigon & Indo-China ... ..	799,030	1,405,062
Siam... ..		533
India & Burma ... ..	1,829,330	
Singapore ... ..		596,498
Korea ... ..	17,374	
Dutch Indies ... ..		252,652
Japan & Formosa ... ..	2,906,513	75,522
Philippines ... ..		155,253
Total... ..	121,429,514	15,603,538

Deducting the re-exports from the total gross imports of the above table, there is a balance of 105,825,976 Haikwan Taels worth of silver as the net import into China in 1929. The stock of silver in Shanghai at the end of 1929 established a new high record. The following is a comparison of the highest points of silver stock in Shanghai for the last three years:—

Year	Date	Highest Stock in Shanghai
1927	May 21st	141,470,000 ounces
1928	Dec. 29th	146,550,000 „
1929	Nov. 2nd	197,820,000 „

You will see that the silver stock in Shanghai at the end of 1929 was higher by 51,270,000 ounces than at any time in the preceding year. Of the total gross import of silver for 1929, i.e. 127,496,670 ounces, we estimate that Shanghai alone absorbed 51,270,000; and the remaining 76,226,680 ounces were taken up by other provinces.

### World's Production and Consumption of Silver.

The total quantity of the world's production of silver for 1929 was 256,500,000 ounces, in addition to 55 million ounces supplied from other sources, making a total of 311,500,000 ounces as the aggregate increase in the available supply of silver. Assuming that the silver production for 1930 will be the same as for last year, and that there will be no other available supply of silver for disposal, then the problem remains: how to dispose of the additional increase of some 250 million ounces of silver during 1930.



It is estimated that the arts and industries of the world consumed nearly 43 million ounces of silver in 1929. Assuming that, owing to the present low price of silver, the industrial consumption may be increased to 60 or 70 million ounces, there would still remain the huge quantity of 150 million ounces of silver to be disposed of. Last year, India imported 79 million ounces of silver. But now, with the imposition of an import duty on silver, India is practically no longer a buyer of silver. Therefore China is the only consumer of the remaining 150 million ounces of the white metal.

### Need of a Gold Basis.

Regardless of China's needs and of the range of fluctuation in silver prices, as long as China remains on the silver basis, she will be the sole victim of the violent fluctuations in the price of silver. It is our fervent hope that the Government will soon take all the necessary steps towards the final adoption of a gold exchange standard, so as to remove this serious cause of uncertainty—a great hindrance to foreign trade. Now that the customs revenue is being paid in gold units, the national income will be proportionately increased. It will be well to set aside this surplus revenue as a reserve fund to show the earnest efforts on the part of the Government towards the adoption of a gold exchange standard, for which it is absolutely necessary to build up an adequate gold reserve abroad. Without this reserve, all other measures and suggestions for changing to a gold exchange standard will be entirely ineffective.

### The Tael Currency.

In conclusion, it has long been suggested that the Tael currency should be abolished, and that the dollar alone should

## BRANCHES, SUB-BRANCHES AND AGENCIES:

## Anhui Province:

Anching

Pangpu

Wuhu

## Chekiang Province:

Haimen

Hangchow

Huchow

Kashing

Lanchi

Ningpo

Shaoshing

Shengtsai

Shenkiamen

Wenchow

Yuyao

## Fukien Province:

Amoy

Chuangchow

Foochow

Hankiang

Santu

## Heilungkiang Province:

Heiho

Heilungkiang

Hulan

Suihua

## Honan Province:

Chengchow



## Hopeh Province:

Chingwantao  
Kalgan  
Paotingfu  
Peiping  
Shihkiachuan  
Shingtai  
Tangshan  
Tientsin

## Hunan Province:

Changsha

## Hupeh Province:

Hankow

## Kiangsi Province:

Chian  
Kiukiang  
Nanchang

## Kiangsu Province:

Changshu  
Chinkiang  
Hsinpu  
Hsuchow  
Nantungchow  
Nanking  
Shanghai  
Soochow  
Wusih  
Yangchow

## Kirin Province:

Changchun  
Harbin  
Kirin

## Kwangtung Province:

Canton  
Chiungchow  
Hongkong  
Swatow

## Liaoning Province:

Antung  
Dairen  
Kaiyuan  
Kungchuling  
Linkiang  
Mukden  
Tunghua  
Yingkow

## Shansi Province:

Taiyuanfu

## Shantung Province:

Chefoo  
Tsinanfu  
Tsingtao

## Suiyuan Province:

Kweisui

## Szechuan Province:

Chengtu  
Chungking  
Tungchuan

## LONDON AGENCY:

34, Old Broad Street,  
London, E. C. 2.



**BANKERS AND CHIEF CORRESPONDENTS:**

**AFRICA:**

Standard Bank of South Africa, Ltd.

**AUSTRALIA:**

Bank of New South Wales

Bank of New Zealand

**AUSTRIA:**

Niederösterreichische Escompte-Gesellschaft

Società Italiana di Credito

**BELGIUM:**

Banque de Bruxelles

National City Bank of New York

**BRAZIL:**

Banco do Brasil

**CANADA:**

Canadian Bank of Commerce

**CHILE:**

Banco Español-Chile

**CZECHOSLOVAKIA:**

Zivnostenska Banka

**DENMARK:**

Kjøbenhavns Handelsbank

**DUTCH EAST INDIES**

Nederlandsche Indische Escompto Maatschappij

**ESTONIA:**

Tallinna Kredit Pank

## FIJI:

Bank of New Zealand

## FINLAND:

Nordiska Foreningsbanken

## FRANCE:

Banque Francaise et Italienne pour L'Amerique du Sud  
Banque Nationale de Credit, Paris

## GERMANY:

Darmstadter und National Bank  
Deutsche Bank und Disconto-Gesellschaft, Berlin  
Dresdner Bank, Hamburg.  
Mendelssohn & Co.

## GREAT BRITAIN:

Barclays Bank Ltd.  
Guaranty Trust Company of New York  
Lloyds Bank Ltd.  
Midland Bank Ltd.  
National City Bank of New York  
National Provincial Bank Ltd.  
North of Scotland Bank, Ltd.  
Swiss Bank Corporation  
Westminster Bank Ltd.

## GREECE:

Banque Nationale de Grèce

## HOLLAND:

De Twentsche Bank, N. V.  
Pierson & Co.

## HONOLULU:

Chinese-American Bank



## JUGOSLAVIA:

Bosnische Industrie und Handels-Bank, A. G.  
Prva Hrvatska Stedionica

## LATVIA:

Rigas Starptautiska Banka

## MANILA:

China Banking Corporation

## MEXICO:

Banco Nacional de Mexico

## NEW ZEALAND:

Bank of New Zealand

## NORWAY:

Den Norske Creditbank  
Bergens Privatbank

## PANAMA:

Royal Bank of Canada

## PERU:

Banco Italiano

## POLAND:

Bank Handlowy Warszawie

## PORTUGAL:

Banco de Portugal

## ROUMANIA:

Banque Chrissoveloni, Societe Anonyme Roumanie  
Banque Commerciale Roumanie

## SAMOA:

Bank of New Zealand

SINGAPORE:

Overseas-Chinese Bank, Ltd.

SPAIN:

Banco Urquijo

SWEDEN:

Aktiebolaget Svenska Handelsbanken

SWITZERLAND:

Societe de Banque Suisse

TURKEY:

Banque d'Affaires de Turquie

UNITED STATES:

Baltimore:

First National Bank

Boston:

First National Bank of Boston

Chicago:

First National Bank of Chicago

Cleveland:

The Union Trust Company

Detroit:

The First National Bank in Detroit

Los Angeles:

Security-First National Bank

New York:

Chase National Bank

Equitable Eastern Banking Corporation



New York: (Continued)

Equitable Trust Company  
 Guaranty Trust Company  
 International Acceptance Bank, Inc.  
 Irving Trust Company  
 J. P. Morgan & Company  
 National City Bank of New York  
 Seaboard National Bank

Philadelphia:

First National Bank

Pittsburgh:

First National Bank

Portland (Oregon):

The United States National Bank

St. Louis:

First National Bank in St. Louis

San Francisco:

Anglo & London Paris National Bank of San Francisco  
 Bank of Italy National Trust & Savings Association  
 Crocker First National Bank  
 Wells Fargo Bank & Union Trust Co.

Seattle:

First-Seattle Dexter Horton National Bank